



NEW REQUIREMENTS FOR CONTRACTORS

Home Improvement Contractors & General Liability Insurance

Senate Bill 2029 requires Home Improvement-Certified (HIC) contractors to disclose whether they carry General Liability Insurance. In addition, the bill requires HIC contractors to provide homeowners with a checklist of things they should know when evaluating a home improvement contract. The Board is currently developing a statement about General Liability Insurance and the checklist.

These two requirements will not become effective until ninety days after the Contractors State License Board (CSLB) adopts the necessary regulations. The anticipated date of adoption is April, 2001.

The following is the proposed language for Title 16, Sections 872 and 872.1 of the California Code of Regulations:

Section 872. Disclosure of General Liability Insurance

As used in this section, "home improvement contract" is defined in Section 7151.2. The following statement, in at least 10-point type, must accompany every estimate (bid) intended to result in a home improvement contract and every home improvement contract, as well as every contract described in Section 7164:

"Does your Contractor Carry Commercial General Liability Insurance? Did you check?"

The Contractors State License Board strongly recommends that all contractors carry Commercial General Liability Insurance. This insurance protects against third-party bodily injury and accidental property damage. Some contractors do not carry this insurance. The Board recommends that you evaluate the risk to your family and property when contracting with a contractor who is not insured.

If he or she is insured, your contractor is required to provide you with the name and telephone number of the insurance company. The Board recommends that you check with the insurance company to verify that the contractor's insurance coverage will cover your project. The best way to protect yourself is to ask your contractor to provide you with a certificate of insurance issued to you as a certificate holder. This will require the insurance company to notify you in the event that the insurance is canceled.

☐ _____ is not insured.
(CONTRACTOR'S NAME)

☐ _____ is insured by _____
(CONTRACTOR'S NAME) (INSURER'S NAME)

You may contact the insurer to verify coverage by calling _____
(TELEPHONE NUMBER)

For more information about Commercial General Liability Insurance, contact the Board at www.cslb.ca.gov or call 800-321-CSLB (2752)."

Authority cited: Section 7008, 7159.3 and 7164. Reference cited: Section 7151.2

NOTE:
*This language
may change
prior to
adoption.
Please check
with the CSLB
in February for
revised
regulations.*



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Section 872.1. Checklist for Homeowners

- (a) As used in this section, home improvement is defined in section 7151.2.
- (b) The following statement, in at least 10–point type, must accompany every estimate (bid) intended to result in a home improvement contract and every home improvement contract that does not include a swimming pool:

“Checklist for Homeowners

Does your home improvement contract include?

- ☐ The name, address, and license number of your contractor, and, if a salesperson negotiated the contract, the name and registration number of the salesperson?
- ☐ A checkbox indicating whether or not your contractor carries Commercial General Liability insurance, and if so, the name and telephone number of the insurer so you can verify coverage?
- ☐ The approximate dates when the work will begin and the construction will be completed?
- ☐ A description of the work to be done, materials to be used, and equipment to be used or installed?
- ☐ If a down payment is charged, is the down payment the lesser of \$1,000 or 10 percent of the contract price, excluding finance charges?
- ☐ A schedule of progress payments showing the amount of each progress payment as a sum in dollars and cents? The schedule of progress payments should be tied to the amount of work to be performed and equipment to be supplied. A careful homeowner pays only as work is completed, not before. (There are exceptions to this rule. Contact the Contractors State License Board (CSLB) for a description of these exceptions).
- ☐ Even if you pay your contractor, a lien can be placed on your property if your contractor fails to pay the subcontractors or material suppliers. Did your contractor give you a copy of the “Notice to Owner,” a warning notice describing liens and ways to prevent them?
- ☐ Finally, if you plan to make any changes or additions to your contract, did you know that these changes must all be in writing? Placing changes in writing reduces the possibility of a later dispute.

You can get more information about any of these topics by accessing CSLB’s website at www.cslb.ca.gov or by requesting information from the CSLB at 800-321-CSLB (2752).”



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(c) The following statement, in at least 10–point type, must accompany every estimate (bid) intended to result in a home improvement contract and every home improvement contract that includes a swimming pool:

“Checklist for Homeowners

Does your swimming pool contract include?

- ☐ The name, address, and license number of your contractor, and, if a salesperson negotiated the contract, the name and registration number of the salesperson?
- ☐ A checkbox indicating whether or not your contractor carries Commercial General Liability insurance, and if so, the name and telephone number of the insurer so you can verify coverage?
- ☐ The approximate dates when the work will begin and the construction will be completed?
- ☐ A plan and scale drawing showing shape, size, dimensions, and construction and equipment specifications for the swimming pool?
- ☐ A description of the work to be done, materials to be used, and equipment to be used or installed?
- ☐ If a down payment is charged, is the down payment the lesser of \$200 or 2 percent of the contract price, excluding finance charges?
- ☐ A schedule of progress payments showing the amount of each progress payment as a sum in dollars and cents? The schedule of progress payments should be tied to the amount of work to be performed and equipment to be supplied. A careful homeowner pays only as work is completed, not before. (There are exceptions to this rule. Contact the Contractors State License Board (CSLB) for a description of these exceptions).
- ☐ Even if you pay your contractor, a lien can be placed on your property if your contractor fails to pay the subcontractors or material suppliers. Did your contractor give you a copy of the “Notice to Owner,” a warning notice describing liens and ways to prevent them?
- ☐ Finally, if you plan to make any changes or additions to your contract, did you know that these changes must all be in writing? Placing changes in writing reduces the possibility of a later dispute.

You can get more information about any of these topics by accessing CSLB’s website at www.cslb.ca.gov or by requesting information from the CSLB at 800-321-CSLB (2752).”

Authority cited: Section 7008 and 7159.3. Reference cited: Section 7151.2 and 7159.